



2003 ANNUAL REPORT OF PROGRAM RESULTS

The year 2003 has been another productive period for our SBDC in terms of counseling hours, economic impact clients, training programs, and economic progress for clients. The year presented challenges mostly in terms recovery from a major disaster in the region from the Rodeo-Chediski wildfire in June 2002 that put the White Mountain regional economy in a downturn, and the entire service area was impacted. The recovery statistics, although only a few measures are readily available in such a short period of time, have been favorable in general. Sales tax revenues for Navajo County are up as a region, and our real estate sales, permits and visitation statistics are starting to reflect that recovery. Our 2003 economic baseline statistics reflect much of our success in helping clients with new loans, capital investment, jobs and revenues. For more information refer to our Milestone Achievements Chart attached to this report.

2002 was a turning point in terms of our centers productivity and quantity of service. Our resources and funding for the prior eight years had been unchanged, yet in 2002 we received additional funding from the SBA due to 2000 Census redistribution which allowed us to add two new part-time counselors. We found two highly qualified individuals, James Tuvell and Lisa Putt, who helped increase our counseling hours from less than 900 hours in 2001 to over 1,400 in 2002, and 1,688 in 2003. Our strong progress in economic progress statistics is a direct result of their counseling efforts and experience in counseling is a major factor in increasing impact.

During the year we continued to work diligently to assist the local efforts to improve harvest of small diameter wood and slash that have contributed to the wildfire situation. We cosponsor monthly meetings of local forestry small businesses, and have been designated as the marketing technical assistance provider for Arizona by the Four Corners Sustainable Forests Partnership. Our efforts in helping such businesses have resulted in over \$200 thousand in grants and other in-kind assistance during 2002, and awards of over \$300 thousand for 2003. We wrote and received a \$20,000 grant from the 4-Corners Partnership in the name of White Mountain Regional Development Corporation to help start a new organization for the region, the White Mountain Wood Products Association. This new organization will assist local business persons with marketing, promotion, and other issues effecting forestry producers locally.

The economic health of the two Counties in our service area continue to be among the poorest in the state of Arizona and in the nation. Our unemployment rates are among the highest in the state, and our annual per capita incomes are the lowest. We have the three largest Native American reservations in the state in our service area, and the population of Native Americans is nearly 50% of the total. The economic progress on the reservations continues to be slow, with extremely high unemployment and an overall lack

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of business and tax base. All the above serve to underscore the importance of the SBDC's contribution to the local economy. With few success stories in large scale new business development, much of our local success has to come from new small businesses and improved results of existing ones.

MILESTONE GOALS & RESULTS AS OF 12-31-03

MAJOR PROGRAM OBJECTIVES: Brief description of planned activities. (List primary areas of SBDC focus).

Economic Impact Goals:	12-Month Results
1) 200 new jobs;	116
2) \$10MM increased revenues;	\$2,252,000
3) \$5MM financings;	\$6,079,000
4) \$5MM investment capital	\$7,062,000

COUNSELING and TRAINING CLIENTS SERVED (To be supported by SBDC Quarterly Counseling Report).

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
<u>Total Clients Served</u>	<u>Goal</u>	<u>196</u>	<u>196</u>	<u>196</u>	<u>196</u>	<u>784</u>
Counseling Clients	Actual	138	113	141	110	247
Training Clients	Actual	16	185	56	328	586
Total Clients Served	Actual	154	298	197	438	833
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<u>Total Counseling & Training Hours</u>	<u>Goal</u>	<u>543</u>	<u>543</u>	<u>543</u>	<u>543</u>	<u>2172</u>
Training Hours	Actual	256	1200	569	4426	6448
Counseling Hours	Actual	517	356	463	356	1693
Total Hours	Actual	773	1556	1032	4782	8141
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<u>Total Seminars</u>	<u>Goal</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>48</u>
Actual Seminars Held	Actual	2	5	6	29	42

SPECIAL PROJECTS:

- A. Continued Assistance with reforestation efforts of USDA, including technical assistance, grant writing assistance & leadership with local organizations involved in the efforts. Reforestation involves creating industry to utilize small diameter timber, that reduces fire danger and creates economic development locally.
- B. Continue development of Native American Enterprise program, offering entrepreneurial training and assistance to Apache, Navajo and Hopi clients within the region.

CHAMBER ASSISTANCE

We continue to provide direct assistance to our local Chambers by serving on committees and cosponsoring training. Our Director attends meetings whenever possible. We involved seven local Chambers for a customer service training program during the period. Working with these Chambers and private business sponsors, we cosponsored with HonDah Resort and Casino in offering the "Gathering of Leaders," this year featuring our first Spring one-day conference in leadership development training. The Spring conference involved over 130 attendees, representing over 800 hours of training, and the Fall conference involved over 180 attendees, representing over 1,500 hours of training. Starting the last half of 2002 we began an outreach program, utilizing our Chamber partners in outlying communities we serve. We have an SBDC counselor making regular trips to Springerville, St. Johns, Holbrook, Winslow, and use Chamber facilities and work with the local Chambers clients.

ECONOMIC DEVELOPMENT AGENCY ASSISTANCE

We work closely with various entities, including White Mountain Regional Development Corporation (WMRDC), and Economic Development for Apache County (EDAC). The Director serves on the Board of Directors for WMRDC, and we have cosponsored training and other programs. We have partnered with EDAC in providing counseling through their St. Johns facility, along with training and other requirements. We have continued to maintain relationships with the Economic Development Agencies for the White Mountain Apache Tribe, the Navajo Nation, and the Hopi Tribe. We assist whenever possible with small business assistance and other loan initiatives. We continue to cosponsor meetings for the Arizona Sustainable Forestry Partnership, part of the Four Corners Forestry Initiative, a project that involves creating economic development from our forestry resources and reduction of slash in urban interface areas to reduce fire danger. This has led to increased counseling and many of our success stories stem from this program.

INNOVATION & TECHNOLOGY TRANSFER

We continue to provide information to local clients on federal and state programs available to assist in this area. We had no inquiries during the year.

INTERNATIONAL TRADE

We participated in the International Trade conference sponsored by NAU and the Arizona SBDC Network, and had six attendees for this program.

MINORITY SMALL BUSINESS DEVELOPMENT

We continue to focus on Native American assistance via counseling and education. We have continued to report success stories for clients. We have assisted Navajo, Hopi and

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Apache tribal economic development entities with counseling to assist small businesses and startups with leasing and other business issues. We offer a two-year degree in Native American Enterprise, and offer classes in business and leadership development in reservation communities we serve. We did five seminars on the Navajo reservation, two on the Apache reservation, and one for the Hopi tribe during the year. We did one NxLevel class during the year for a Navajo economic development organization north of Winslow.

RESOURCE DEVELOPMENT

Our Director has served as a member of the Arizona Department of Commerce's steering committee for forestry issues. This committee has been meeting quarterly to develop recommendations for the Governor and act as advisor in forestry and fire management issues statewide.

PROCUREMENT

We serve as a ProNet site for SBA, and have two Internet stations at our office in Show Low. We provide information on State Contracting opportunities and procedures, and will assist clients with 8(a) applications as needed. We did one Minority Procurement workshop during the year with our local SBA representative.

SPECIAL FOCUS GROUPS

We have assisted local communities with economic analysis, including a Business Retention and Expansion program for the joint White Mountain communities during the reporting period. We led the effort for surveys which were completed for Pinetop-Lakeside and Snowflake-Taylor, with Show Low to be completed in 2004. The Director also served on a committee to assist with retail development for the Lakeside Redevelopment District for Pinetop-Lakeside Main Street.

ECONOMIC DEVELOPMENT

The Director is active as a participant in regional projects dealing with economic development. The SBDC is acting as a leader in a Wood Products Association to help spur development and growth of small diameter wood businesses to help with reforestation issues locally. We received a \$20,000 grant through White Mountain Regional Development, and James Tuvell, Small Business Analyst, was instrumental in writing the grant and organizing the formation of this entity.

RESEARCH

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We assist local clients with direct research, primarily using our NPC libraries and internet sources. When appropriate we order research packages through our SBDC National Research Department in Texas.

TRAVEL

We reported out of state travel for the Director and two counselors to attend the national ASBDC conference in San Diego, for professional development purposes. The Director traveled to New Mexico once during the year to participate in a Four Corners conference on Native American Procurement.

PROBLEMS

Nothing to report.

FINANCIAL REPORTS

Submitted to Arizona SBDC Network Office under separate cover

WOMAN-OWNED BUSINESS

We counsel a large percentage of Woman-Owned businesses, and helped one receive SBA 8(a) Certification during the year. The Director and one counselor have participated in local efforts to organize Women in small business mentoring groups in the area.

STUDENT/FACULTY INVOLVEMENT

We continue to involve Faculty in the SBDC educational offerings. Our Native American Enterprise program is offered at five NPC locations using NPC regular faculty. Two of our counselors teach NPC classes in small business outside of their SBDC counseling efforts.

SUCCESS STORIES

Included in the economic progress results shown previously are the following notable successes:

- A client in Winslow, with the assistance of a group of investors and other interested parties, has single-handedly created a redevelopment district for the City of Winslow. The clients efforts have resulted in over \$4 million in private capital investment, and includes renovation of several substandard commercial properties in downtown Winslow. The two-block area on historic Route 66 includes the Seattle Grind, a coffee shop/art gallery, several art galleries, gift shops, and an athletic club. We have assisted the developers and a number of the resulting businesses that have located in the

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redevelopment area. They were recently named our local Statewide Success Award winner for 2003, and will receive recognition by the Governor and State Legislative representatives in February 2004.

- A couple who recently moved to Pinetop-Lakeside from the Phoenix area decided to pursue their dream of starting a theme restaurant with African motif. Their new restaurant/night club is named Serengeti's, and caters to younger, entertainment oriented adults in the area. They opened to sellout crowds and have been an immediate success, adding 23 jobs, \$200,000 in investment capital, \$350,000 in loans, and expected annual revenues of over \$500,000.
- A client in Springerville was able to secure \$185,000 in SBA financing to build a new facility and expand her nursery and greenhouse business. She employs seven employees and expects revenues to exceed \$125,000 for next year.

Respectfully submitted,

-Mark Engle, Director